

Employment in West Virginia Slipped Again, But the Unemployment Picture Improved in March

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West Virginia's labor market took a double hit in the latest establishment survey for March. The first hit – another monthly decline in employment (800 jobs on a seasonally adjusted basis) – was bad enough. The second hit – a downward revision to February's employment level – only compounded the problem. Yet the latest data on labor market conditions in the state were not without some encouraging news. For one thing, private sector employment in March managed to increase slightly – at least in the preliminary numbers. More importantly, the household survey reported that the unemployment rate continued to drop. Thus, a closer look at all these changes is required before drawing conclusions on the relative health of the state's labor market.

To disentangle the changes in the March release, we can start by looking at the revisions to the February data. The initial report for February was disappointing enough, with the loss of 1,300 jobs, after seven straight months of job gains. During that run of good fortune, the state was able to add over 17,000 jobs and raise hopes that the state was on a solid recovery path. However, in the latest release, February lost an additional 500 jobs, bringing the monthly total to 1,800 jobs lost. Moreover, all of the revision occurred in the private sector – a disturbing development for a sector that many hoped would lead the state's employment recovery. Then, on top of the February revision, the March establishment survey added another 800-job loss. The combination of the February revision and the March decline brought the total job losses since January to 2,600 jobs – twice the number that was initially reported in the February release.

On the surface, things did not appear to be moving in the right direction, but the underlying data offered some encouragement. For example, while the private sector contributed about its fair share (being roughly 80 percent of total employment) to the job losses in February, it added jobs in March – only 200, but a notable change from the 1,500 lost in February. The largest percentage gains occurred in financial activities and in business and professional services (which added a combined 1,500 jobs). The latter industry has been a consistent contributor to job gains, but the former is particularly encouraging because it has been struggling recently. Small gains were also posted by manufacturing and by health and education, which together added 500 jobs. Large losses were reported in the trade, transportation, and utilities industry and the hospitality and leisure industry, which declined by about 1,800 jobs in March. The government sector added another 1,000 jobs to the loss column.

Finally, one might expect job declines to translate into rising unemployment. Yet, West Virginia's unemployment rate dropped three-tenths to 6.9 percent in March. Moreover, the number of unemployed declined by over 2,000 workers. One reason for the decline was that the household survey reported an increase in employment of over 2,500 jobs in January and February – a far cry from the job losses in the establishment survey. We may have to wait until next month – or even next year – for revisions to give us a clearer picture of labor market conditions in the state.

